

SUPPLEMENTARY MATERIALS

*Saliency Categories*

TABLE A1: Components of Socio-Economic Saliience

Name	Label	Description
per401	Free Market Economy	Favourable mentions of the free market and free market capitalism as an economic model.
per402	Incentives: Positive	Favourable mentions of supply side oriented economic policies (assistance to businesses rather than consumers).
per403	Market Regulation	Support for policies designed to create a fair and open economic market.
per404	Economic Planning	Favourable mentions of long-standing economic planning by the government.
per406	Protectionism: Positive	Favourable mentions of extending or maintaining the protection of internal markets (by the manifesto or other countries).
per407	Protectionism: Negative	Support for the concept of free trade and open markets. Call for abolishing all means of market protection (in the manifesto or any other country).
per408	Economic Goals	Broad and general economic goals that are not mentioned in relation to any other category. General economic statements that fail to include any specific goal.
per409	Keynesian Demand Management	Favourable mentions of demand side oriented economic policies (assistance to consumers rather than businesses).
per410	Economic Growth: Positive	The paradigm of economic growth.
per411	Technology and Infrastructure: Positive	Importance of modernisation of industry and updated methods of transport and communication.
per412	Controlled Economy	Support for direct government control of economy.

TABLE A2: Components of Socio-Economic Saliency Cont.

Name	Label	Description
per413	Nationalization	Favourable mentions of government ownership of industries, either partial or complete; calls for keeping nationalised industries in state hand or nationalising currently private industries. May also include favourable mentions of government ownership of land.
per414	Economic Orthodoxy	Need for economically healthy government policy making.
per415	Marxist Analysis	Positive references to Marxist-Leninist ideology and specific use of Marxist-Leninist terminology by the manifesto party (typically but not necessary by communist parties).
per503	Equality: Positive	Concept of social justice and the need for fair treatment of all people.
per504	Welfare State Expansion	Favourable mentions of need to introduce, maintain or expand any public social service or social security scheme.
per505	Welfare State Limitation	Limiting state expenditures on social services or social security. Favourable mentions of the social subsidiary principle (i.e. private care before state care) .
per506	Education Expansion	Need to expand and/or improve educational provision at all levels.
per507	Education Limitation	Limiting state expenditure on education.
per701	Labour Groups: Positive	Favourable references to all labour groups, the working class, and unemployed workers in general. Support for trade unions and calls for the good treatment of all employees.
per702	Labour Groups: Negative	Negative references to labour groups and trade unions. May focus specifically on the danger of unions 'abusing power'.
per703	Agriculture and Farmers: Positive	Specific policies in favour of agriculture and farmers. Includes all types of agriculture and farming practises. Only statements that have agriculture as the key goal should be included in this category.

*Variable Summary Statistics*

TABLE A3: Cases and Economic Polarization

Country	# of Elections	Earliest	Latest	Economic Polarization		
				Mean	Min	Max
Austria	4	2002	2013	2.28	2.087	2.574
Belgium	3	1999	2010	2.41	2.268	2.510
Czech Republic	4	2002	2013	3.09	2.766	3.306
Denmark	5	1998	2011	2.28	1.942	2.492
Estonia	3	2007	2015	2.51	2.265	2.760
Finland	3	2003	2011	2.05	1.949	2.183
France	3	2002	2012	1.89	1.563	2.148
Germany	5	1998	2013	2.13	1.706	2.577
Great Britain	5	1997	2015	2.02	1.628	2.537
Greece	4	2004	2015	2.72	2.252	3.294
Hungary	3	2002	2014	0.57	0.342	0.719
Ireland	3	2002	2011	2.09	1.732	2.283
Italy	3	2001	2013	2.29	2.136	2.409
Lithuania	1	2012	2012	1.84	1.836	1.836
Netherlands	5	1998	2012	2.39	1.892	2.721
Poland	4	2001	2011	2.26	1.867	3.050
Portugal	5	2002	2015	2.79	2.552	3.009
Romania	1	2004	2004	2.328	2.328	2.328
Slovakia	3	2006	2012	2.62	2.517	2.738
Slovenia	2	2004	2008	1.38	1.206	1.554
Spain	6	1996	2016	2.51	1.730	3.054
Sweden	5	1998	2014	2.53	2.385	2.687

TABLE A4: Income Differentiation, Disposable Income Inequality, and GALTAN Polarization by Country

Country	Income Sorting			Disposable Income Inequality			GALTAN Polarization		
	Mean	Min	Max	Mean	Min	Max	Mean	Min	Max
Austria	-0.439	-0.658	-0.092	27.550	26.900	28.100	3.055	2.733	3.411
Belgium	0.092	-0.239	0.447	26.367	25.800	26.700	2.521	2.369	2.621
Czech Republic	1.548	0.645	2.258	25.500	25.400	25.700	1.719	1.477	2.000
Denmark	-0.025	-0.815	0.512	23.800	22.700	25.400	2.058	1.486	2.467
Estonia	0.322	0.032	0.592	32.733	32.100	33.400	2.032	1.432	2.552
Finland	0.283	-0.547	0.721	25.500	25.100	25.900	2.155	1.667	3.024
France	-0.305	-1.216	0.352	28.967	28.100	30.000	2.702	2.557	2.864
Germany	-0.964	-1.698	0.753	27.740	25.700	29.000	2.003	1.672	2.301
Great Britain	-0.464	-1.268	0.610	33.700	33.000	34.300	2.169	1.697	2.598
Greece	0.547	-1.397	2.760	33.200	32.500	33.800	2.929	2.189	3.499
Hungary	-0.959	-1.436	-0.688	28.167	27.300	29.300	2.965	2.720	3.114
Ireland	-1.151	-2.530	0.818	30.267	29.800	30.700	1.754	1.650	1.869
Italy	0.165	-0.437	1.014	33.067	32.400	33.400	2.701	2.334	2.906
Lithuania	-0.222	-0.222	-0.222	33.600	33.600	33.600	2.172	2.172	2.172
Netherlands	0.550	-0.152	1.403	25.800	24.700	26.400	2.032	1.644	2.278
Poland	0.534	0.096	1.235	31.650	30.900	32.800	3.176	2.691	3.823
Portugal	-0.840	-1.370	-0.237	34.080	33.900	34.400	2.698	2.048	3.352
Romania	0.538	0.538	0.538	32.300	32.300	32.300	2.053	2.053	2.053
Slovakia	0.105	-0.225	0.596	25.633	25.200	25.900	1.941	1.773	2.166
Slovenia	-1.099	-1.619	-0.578	23.450	23.300	23.600	2.919	2.683	3.154
Spain	-0.874	-2.240	0.003	33.050	31.900	34.100	3.103	1.867	3.898
Sweden	0.071	-0.181	0.681	24.860	23.700	26.300	1.776	1.462	2.496

TABLE A5: Economic Salience and Continuous Controls

Country	Econ. Salience			ENEP			Dist. Mag.			Unemployment		
	Mean	Min	Max	Mean	Min	Max	Mean	Min	Max	Mean	Min	Max
Austria	45.885	41.321	49.081	4.167	3.020	5.149	4.260	4.260	4.260	4.800	4.100	5.400
Belgium	41.356	37.698	43.955	9.723	8.840	10.290	11.593	7.500	13.640	8.300	8.200	8.400
Czech Republic	47.451	39.267	50.480	5.761	3.910	7.565	14.290	14.290	14.290	7.175	7.000	7.300
Denmark	42.654	30.459	56.270	5.150	4.690	5.720	10.164	7.940	13.500	5.120	3.800	7.600
Estonia	48.784	47.654	49.410	4.963	4.730	5.140	8.420	8.420	8.420	7.700	4.600	12.300
Finland	56.976	54.836	58.486	5.997	5.650	6.460	13.300	13.300	13.300	7.900	6.900	9.000
France	45.536	38.038	54.467	4.923	4.320	5.228	1.000	1.000	1.000	8.567	7.900	9.800
Germany	46.043	43.398	47.888	4.400	3.790	5.580	1.000	1.000	1.000	8.400	5.200	11.200
Great Britain	40.894	34.286	51.471	3.554	3.210	3.929	1.000	1.000	1.000	5.940	4.800	7.800
Greece	43.777	38.137	47.161	3.842	2.660	5.110	4.917	4.250	5.140	17.400	9.600	24.900
Hungary	51.105	49.628	52.736	2.995	2.820	3.225	1.000	1.000	1.000	8.167	5.600	11.200
Ireland	53.511	44.564	59.715	4.110	3.770	4.430	3.890	3.860	3.950	8.367	4.700	15.400
Italy	45.734	44.534	47.633	5.790	5.359	6.320	16.153	1.000	23.730	9.300	6.800	12.100
Lithuania	41.545	41.545	41.545	7.206	7.206	7.206	1.000	1.000	1.000	13.400	13.400	13.400
Netherlands	34.661	28.095	37.524	5.977	5.130	6.970	150.000	150.000	150.000	4.920	3.700	5.800
Poland	42.958	36.829	49.937	4.350	3.320	5.860	11.220	11.220	11.220	13.875	9.600	18.300
Portugal	52.678	42.969	64.786	3.474	3.030	3.960	10.450	10.450	10.450	10.240	6.200	12.900
Romania	53.448	53.448	53.448	3.900	3.900	3.900	7.480	7.480	7.480	8.000	8.000	8.000
Slovakia	48.891	46.451	50.687	5.273	4.180	6.110	150.000	150.000	150.000	14.000	13.500	14.500
Slovenia	44.469	42.576	46.362	5.480	4.940	6.020	11.000	11.000	11.000	5.350	4.400	6.300
Spain	44.719	40.313	51.050	3.413	2.790	5.004	6.730	6.730	6.730	15.850	11.000	21.400
Sweden	50.666	40.100	56.855	4.776	4.510	5.392	10.690	10.690	10.690	7.780	6.000	9.300

TABLE A6: Within and Between Variation of Variables

Variable (Scaled)	Between Std. Dev.	Within Std. Dev.
Polarization on Economic Issues	0.958	0.691
Partisan Income Sorting	0.691	0.694
Saliency of Economic Issues	0.698	0.752
Disposable Income Inequality	0.923	0.205
ENEP	0.893	0.467
GALTAN Polarization	0.762	0.622
Unemployment Rate	0.714	0.668

Note: Values produced from the xtsum command in Stata

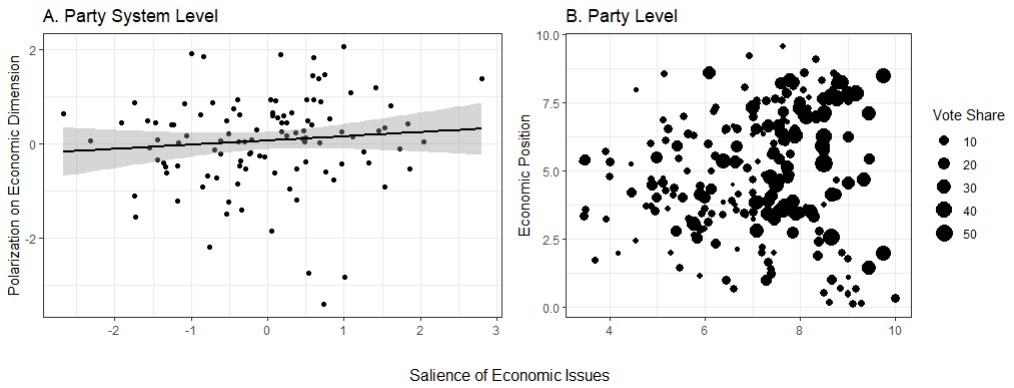
### *Correlation Matrix for Variables in Models*

TABLE A7: Correlations of Variables in Main Models

	Econ. Polar.	Inc. Dif. 1	Inc. Dif. 2	Inc. Dif. 3	Inc. Dif. 4	Inc. Dif. 5	Econ. Sal.	Disp. Gini	ENEP	GALTAN Polar.
Inc. Dif. 1	0.334*									
Inc. Dif. 2	0.395*	0.958*								
Inc. Dif. 3	0.380*	0.980*	0.995*							
Inc. Dif. 4	0.373*	0.985*	0.993*	0.999*						
Inc. Dif. 5	0.410*	0.927*	0.984*	0.977*	0.969*					
Econ. Sal.	0.074	0.077	0.062	0.068	0.068	0.073				
Disp. Gini	0.114	-0.132	-0.118	-0.122	-0.125	-0.097	0.072			
ENEP	0.187	0.373*	0.397*	0.395*	0.390*	0.417*	-0.058	-0.401*		
GALTAN Polar.	-0.53	-0.111	-0.152	-0.141	-0.136	-0.167	-0.013	0.374*	-0.194	
Unemp.	0.252*	0.218	0.185	0.198	0.200	0.180	0.230*	0.449*	-0.088	0.345*

Note: \*p<0.05

*Relationship between Salience of Economic Issues and Economic Position*



*Figure A1:* A. Scatterplot of the party-system level salience of economic issues (Manifesto Data) and the degree of polarization on economic issues. B. Salience of Economic issues against party economic positions, both from CHES.



*Models using Only CSES Data*

TABLE A8: Results from Fixed Effects Model Using only CSES Data

	<i>Dependent variable:</i>
	Party Polarization on Economic Issues
	Fixed
Income Dif.	-0.199 <sup>+</sup> (0.115)
Econ. Salience	0.364* (0.131)
Disposable Gini	1.13* (0.415)
ENEP	0.170 (0.161)
GALTAN Polarization	0.283* (0.102)
Unemployment	-0.182 (0.146)
Income Dif.*Econ. Sal.	0.206* (0.093)
Income Dif.*Disp. Gini	0.427** (0.137)
Econ. Sal. * Disp. Gini	0.329** (0.104)
Income Dif.*Econ. Sal.*Disp. Gini	0.184 <sup>+</sup> (0.107)
Observations	56

## Models using other Measures of Income Differentiation

TABLE A9: Fixed Effects Models using Alternative Income Dif. Measures

	<i>Dependent variable:</i>		
	Party Polarization on Economic Issues		
	(1)	(2)	(3)
Disposable Gini	0.695* (0.328)	0.402 (0.286)	0.625+ (0.336)
Income Dif. (G-cov)	-136+ (0.073)	-	-
Income Dif. (G-Theil)	-	-.042 (0.075)	-
Income Dif. (Weighted SD)	-	-	-0.054 (0.075)
Economic Salience	0.230** (0.066)	0.149+ (0.083)	0.210* (0.080)
GALTAN Polarization	0.268** (0.081)	0.180+ (0.093)	0.268** (0.081)
ENEP	0.164 (0.135)	0.175 (0.136)	0.151 (0.139)
Unemployment	-0.130 (0.101)	-0.081 (0.088)	-0.127 (0.099)
Disp. Gini*Income (G-Cov)	0.241** (0.076)	-	-
Disp. Gini*Income (G-Theil)	-	0.255*** (0.068)	-
Disp. Gini*Income (W.SD)	-	-	0.206* (0.078)
Disp. Gini*Econ. Sal.	0.233*** (0.058)	0.203** (0.061)	0.233*** (0.060)
Income Dif. (G-Cov)*Econ. Sal.	.068 (0.080)	-	-
Disp. Gini*Income Div. (G-Cov)*Econ. Sal.	0.31 (0.077)	-	-
Income Dif. (G-Theil)*Econ. Sal.	-	-0.046 (0.068)	-
Disp. Gini*Income Dif. (G-Theil)*Econ. Sal.	-	-0.047 (0.071)	-
Disp. Gini (W. SD)*Econ. Sal.	-	-	0.098 ( 0.077)
Disp. Gini*Income Dif. (W. SD)*Econ. Sal.	-	-	0.020 (0.075 )
Observations	81	81	81
R <sup>2</sup>	0.476	0.498	0.448
Adjusted R <sup>2</sup>	0.145	0.180	0.098
F Statistic	4.460*** (df = 10; 49)	4.852*** (df = 10; 49)	3.970*** (df = 10; 49)

+p&lt;0.1; \*p&lt;0.05; \*\*p&lt;0.01; \*\*\*p&lt;0.001

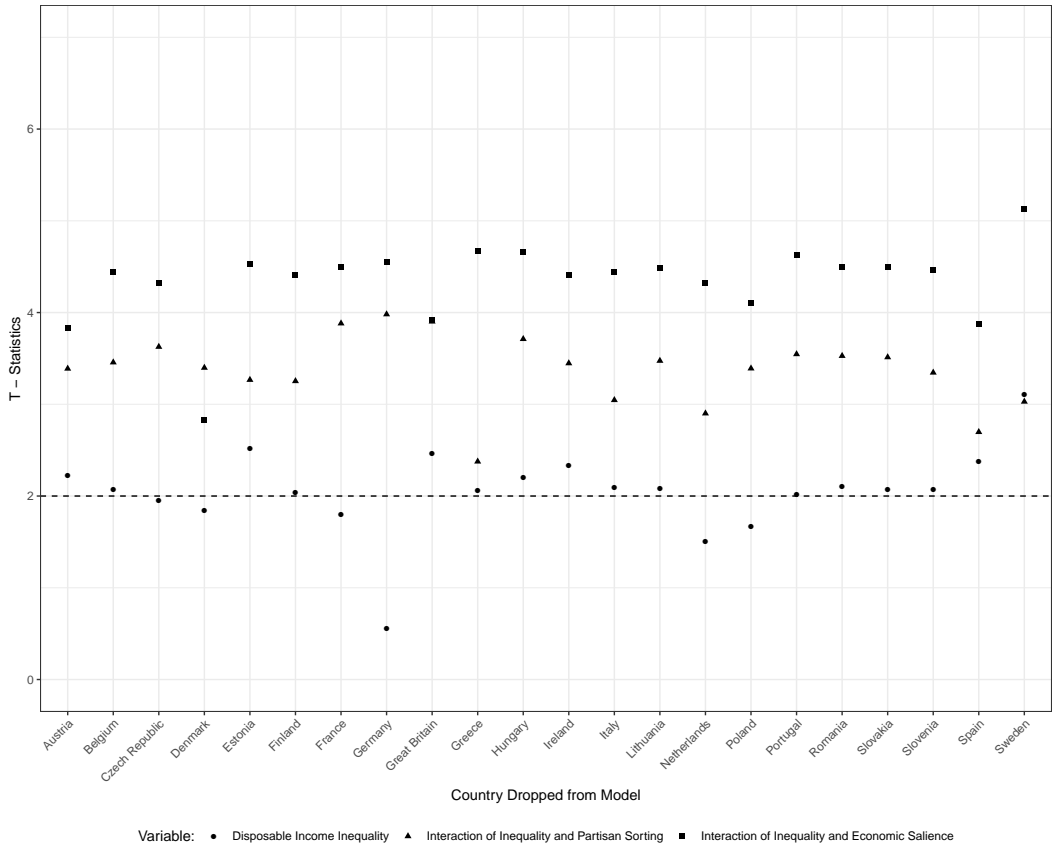


Figure A2: T- statistics from fully specified fixed effects OLS models are displayed for three crucial variables: disposable income inequality (dots), the interaction of disposable income inequality and partisan sorting (triangles), and the interaction of disposable income inequality (squares). The dotted line indicates a t-values of 2 as a benchmark.

*Multilevel Models*

TABLE A 10: Results from Multi-Level Models

	<i>Dependent Variable:</i>	
	Party Polarization on Economic Issues	
	(1)	(2)
Party Income Differentiation	-0.029 (0.093)	-0.070 (0.085)
Economic Salience	0.090 (0.086)	0.249* (0.094)
Disposable Gini	0.262 (0.183)	0.404* (0.192)
Party Income Dif. * Salience	–	0.173+ (0.089)
Party Income Dif. * Gini	–	0.149 (0.097)
Gini * Salience	–	0.281*** (0.074)
Party Income Dif. * Salience * Gini	–	0.062 (0.098)
GALTAN Polarization	0.152 (0.097)	0.165+ (0.086)
ENEP	0.242+ (0.130)	0.227+ (0.124)
District Magnitude	0.356* (0.164)	0.352* (0.164)
Unemployment	0.063 (0.103)	-0.100 (0.109)
Constant	0.037 (0.184)	0.005 (0.205)
Observations	81	81
Countries	22	22
Country SD	0.749	0.838
East-West SD	0.000	0.000
Marginal R <sup>2</sup>	0.221	0.263
Conditional R <sup>2</sup>	0.763	0.857
AIC	184.197	174.570
BIC	210.399	210.301
Log-Lik	-81.098	-72.285

Note: Table entries are regression coefficients with standard errors in parentheses.

+p<0.10; \*p<0.05; \*\*p<0.01; \*\*\*p<0.001

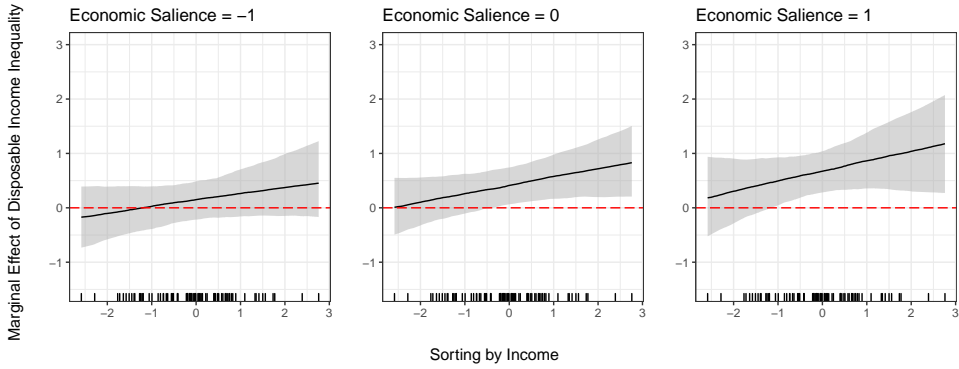


Figure A3: Marginal Effect of Disposable Income Inequality on Party Polarization (Multi Level Model).

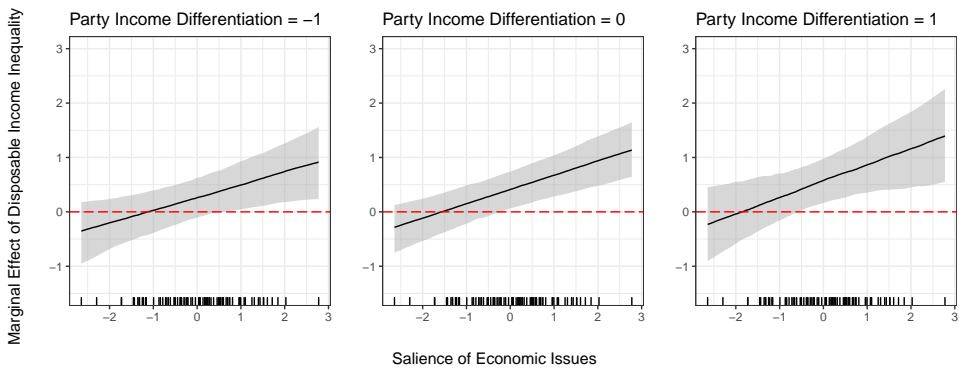


Figure A4: Marginal Effect of Disposable Income Inequality on Party Polarization (Multi Level Model).

*Tests for Serial Correlation*

TABLE A 11: Results from Tests for Fixed Effects and Serial Correlation

Test	Test Statistic	Degrees of Freedom	P-Value	Decision
Hausman Test	$\chi^2 = 178.17$	10	< 0.001	Use Fixed Effects
Lagrange Multiplier Test	$\chi^2 = 0.567$	1	0.452	No Time Effects
Wooldridge's Test for Serial Corr.	F = 0.005	1 and 57	0.942	No Serial Corr.

## CHES QUESTION WORDING

We would like you to reflect on the position of the leadership of national parties in COUNTRY in the course of YEAR. The leadership of a political party consists of the party's chair, the party presidium, and the parliamentary party (as distinct from the party base or local and regional party officials).

...

We now turn to a few questions on the ideological positions of political parties in COUNTRY in YEAR.

...

LRECON: Parties can be classified in terms of their stance on economic issues. Parties on the economic left want government to play an active role in the economy. Parties on the economic right emphasize a reduced economic role for government: privatization, lower taxes, less regulation, less government spending, and a leaner welfare state.



*Robustness Check with World Income Inequality Data Set*

TABLE A12: Results from Fixed Effects Model Using Income Inequality data from the World Income Inequality Database

<i>Dependent variable:</i>	
Party Polarization on Economic Issues	
	Fixed
Income Dif.	-0.174** (0.054)
Econ. Salience	0.286*** (0.072)
Disposable Gini	0.323* (0.124)
ENEP	0.172 (0.184)
GALTAN Polarization	0.189+ (0.097)
Unemployment	-0.160 (0.112)
Income Dif.*Econ. Sal.	0.246*** (0.048)
Income Dif.*Disp. Gini	0.351*** (0.083)
Econ. Sal. * Disp. Gini	-0.038 (0.093)
Income Dif.*Econ. Sal.*Disp. Gini	0.123 (0.089)

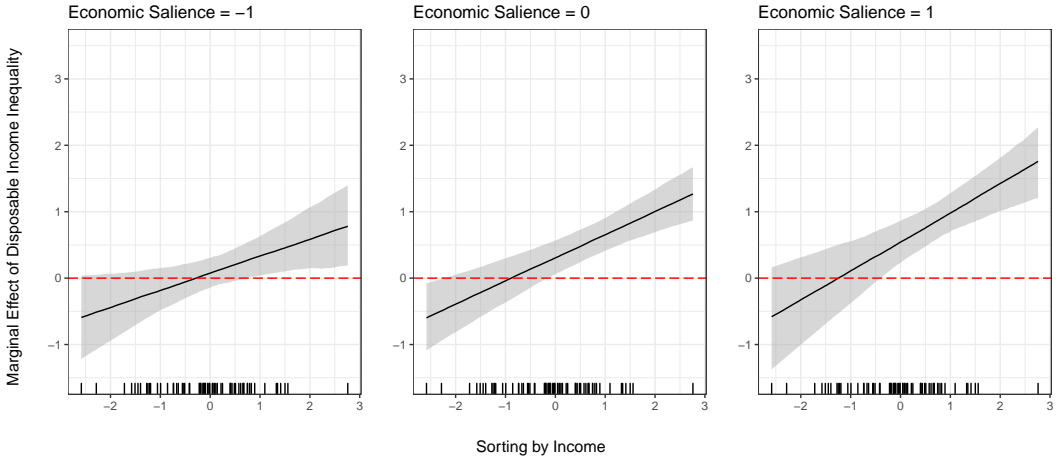


Figure A5: Marginal Effect of Disposable Income Inequality from the World Income Inequality Database on Party Polarization.

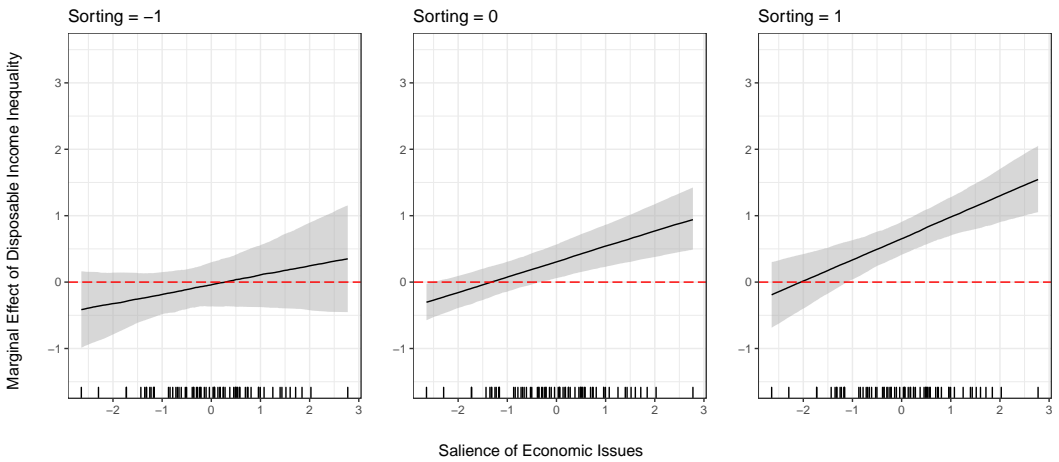


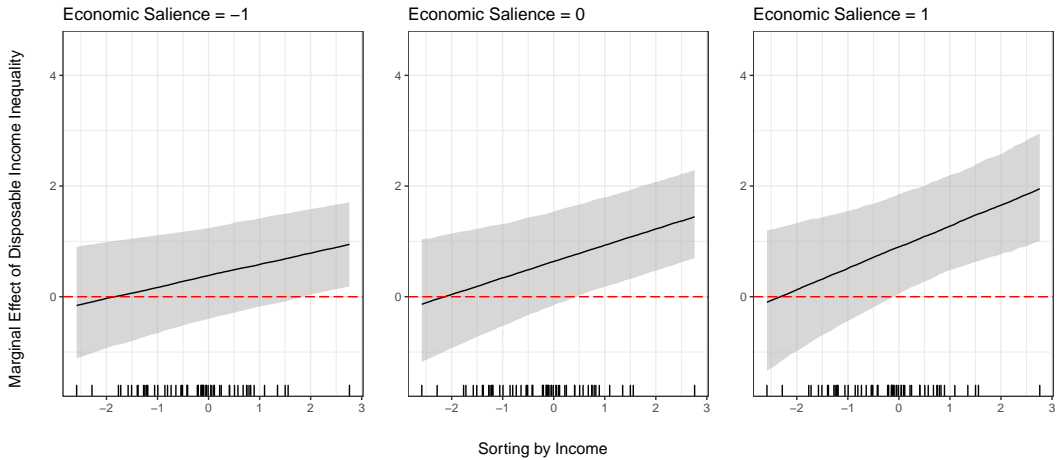
Figure A6: Marginal Effect of Disposable Income Inequality from the World Income Inequality Database on Party Polarization.

*Using only West European Cases*

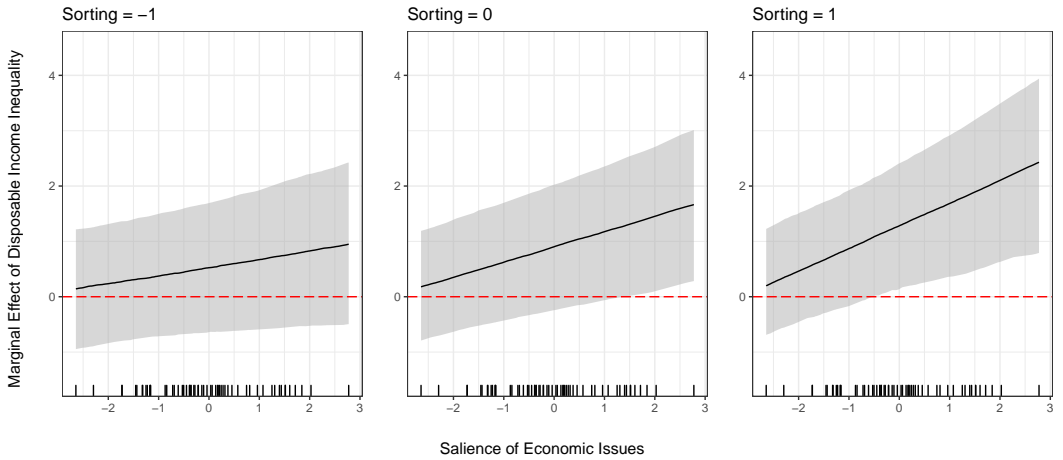
TABLE A13: Robustness Check Using only Western European Cases

	<i>Dependent Variable:</i>
	Party Polarization on Economic Issues
	Western Europe
	(1)
Partisan Sorting by Income	-0.167 <sup>+</sup> (0.089)
Saliency of Economic Issues	0.293** (0.084)
Disposable Income Inequality (Gini)	0.983* (0.401)
Partisan Sorting * Inequality	0.397** (0.104)
Saliency * Inequality	0.306*** (0.067)
Partisan Sorting * Saliency	0.151 <sup>+</sup> (0.083)
Partisan Sorting * Saliency * Inequality	0.170 (0.101)
GALTAN Party Polarization	0.286** (0.086)
ENEP	0.139 (0.187)
Unemployment	-0.257 <sup>+</sup> (0.131)
Observations	61
Countries	14
Country Fixed Effects	✓
R <sup>2</sup>	0.547
Adjusted R <sup>2</sup>	0.249
F-Stat	4.230***

Note: Table entries are OLS Fixed Effects coefficients with heteroskedastic robust and clustered standard errors in parentheses. <sup>+</sup>p<0.10; \*p<0.05; \*\*p<0.01; \*\*\*p<0.001



*Figure A7:* Marginal effect of disposable income inequality on party polarization on economic issues is displayed on the vertical axis while the degree of partisan sorting by income varies from its observed minimum to its observed maximum using only data from Western Europe on the horizontal axis. In the leftmost panel, the saliency of economic issues is fixed at one standard deviation below its observed mean. The central panel holds the saliency of economic issues at its mean, and the right panel holds economic saliency at one standard deviation above its mean. The black line indicates the predicted marginal effect of income inequality at the given levels of economic saliency and partisan sorting by income with the gray shaded region indicating a 95% confidence interval around the predicted value. Ticks indicate the observed values of partisan income sorting.



*Figure A8:* Marginal effect of disposable income inequality on party polarization on economic issues is displayed on the vertical axis while the salience of economic issues varies from its observed minimum to its observed maximum using only West European data on the horizontal axis. In the leftmost panel, the degree of partisan sorting by income is fixed at one standard deviation below its observed mean. The central panel holds the sorting at its mean, and the right panel holds sorting at one standard deviation above its mean. The black line indicates the predicted marginal effect of income inequality at the given levels of economic salience and partisan sorting by income with the gray shaded region indicating a 95% confidence interval around the predicted value. Ticks indicate the observed values of economic salience

TABLE A 14: Robustness Checks against Alternative Economic Variables

	<i>Dependent Variable:</i>	
	Party Polarization on Economic Issues	
	(1)	(2)
Partisan Sorting by Income	-0.159* (0.076)	-0.171* (0.060)
Economic Salience	0.243* (0.058)	0.242* (0.054)
Disposable Gini	0.672 (0.510)	0.672 (0.484)
Sorting * Salience	0.146 (0.077)	0.144 (0.075)
Sorting * Gini	0.200* (0.066)	0.226* (0.064)
Gini * Salience	0.252* (0.045)	0.267* (0.038)
Sorting * Salience * Gini	0.077 (0.069)	0.097 (0.071)
GALTAN Polarization	0.250* (0.089)	0.259* (0.091)
ENEP	0.118 (0.075)	0.168* (0.082)
Lagged Economic Openness	-0.004 (0.006)	– –
Lagged Real GDP Growth	– –	0.073 (0.063)
Observations	81	81
Countries	22	22
Country Fixed Effects	✓	✓
R <sup>2</sup>	0.460	0.495
Adjusted R <sup>2</sup>	0.111	0.176
F-Stat	4.092*	4.813*

Note: Table entries are regression coefficients with heteroskedastic robust and clustered standard errors in parentheses.

\*p<0.05

SINGLE INTERACTION MARGINAL EFFECT PLOTS

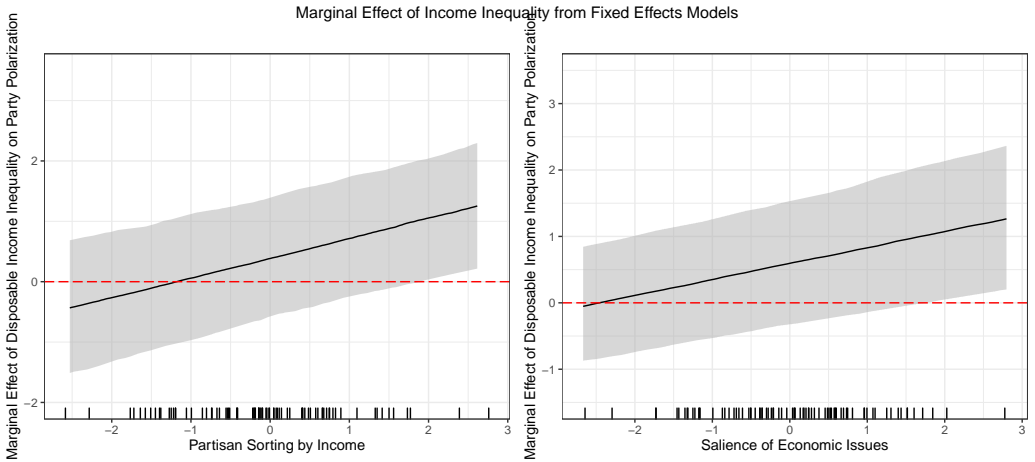


Figure A9: Marginal effect of disposable income inequality on party polarization on economic issues is displayed on the vertical axis while the salience of economic issues and salience of economic issues varies from its observed minimum to its observed maximum on the horizontal axis. The black line indicates the predicted marginal effect of income inequality at the given levels of economic salience and partisan sorting by income with the gray shaded region indicating a 95% confidence interval around the predicted value. Ticks indicate the observed values of economic salience

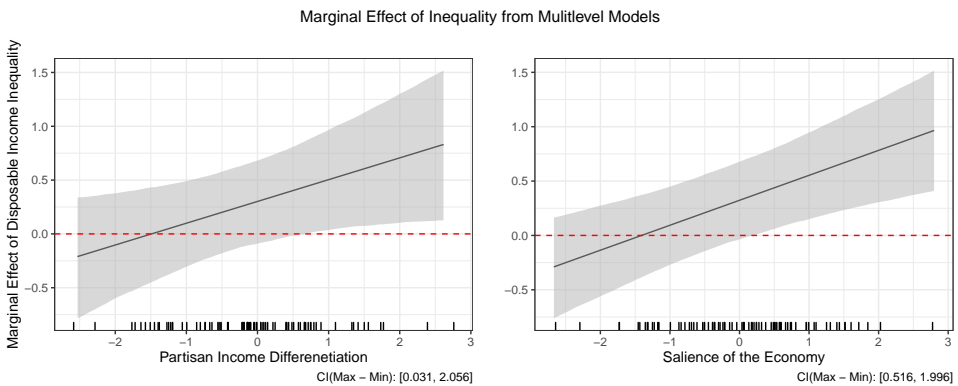


Figure A10: Marginal effect of disposable income inequality on party polarization on economic issues is displayed on the vertical axis while the salience of economic issues and salience of economic issues varies from its observed minimum to its observed maximum on the horizontal axis. The black line indicates the predicted marginal effect of income inequality at the given levels of economic salience and partisan sorting by income with the gray shaded region indicating a 95% confidence interval around the predicted value. Ticks indicate the observed values of economic salience